GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:192
ANSWERED ON:02.02.2017
FDI in Aviation Sector
Biju Shri Parayamparanbil Kuttappan

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government proposes to make India a Global Aviation Hub in the coming years;

(b) if so, the details thereof;

(c) whether the Government has any plan to change the FDI norms in civil aviation sector;

(d) if so, the details thereof and the reasons therefor; and

(e) the steps taken by the Government in this regard?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a) and (b): The Government with a view to promote the growth of Indian Aviation sector in a significant manner has released the National Civil Aviation Policy (NCAP) 2016 on 15.06.2016. The aim of the Government is to provide an ecosystem for the harmonised growth of various aviation subsectors, i.e Airlines, Airports, Cargo, Maintenance Repairs and Overhaul services (MRO), General Aviation, Aerospace Manufacturing, Skill Development, etc. The broad key features of the NCAP are as under:

i) Viability Gap Funding (VGF) for operation under Regional Connectivity Scheme (RCS).

ii) Revival of un-served or under-served routes under RCS.

iii) Introduction of a new Category "Schedule Commuter Operator" under Commercial Air Transport Operations.

iv) Rationalization of Category-I routes under Route Dispersal Guidelines (RDGs) on the basis of criteria given in NCAP 2016.

v) The requirement of 5 years and 20 aircrafts for international operation has been modified to 0 years and 20 aircrafts or 20% of the total capacity (in terms of average number of seats on all departure put together) whichever is higher for domestic operations.

vi) Liberalization of domestic code share points in India within the framework of Air Service Agreements (ASA).
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(c) to (e): With a view to aid in modernization of the existing airports to establish a high standard and help ease the pressure on the existing airports, 100% Foreign Direct Investment (FDI) under automatic route has now been allowed in Brownfield Airport projects. This move would also serve in further developing the domestic aviation infrastructure. Further, FDI limit for Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline and regional Air Transport Service has been raised from 49% to 100%, with FDI

up to 49% permitted under automatic route and FDI beyond 49% through Government approval. For Non-Resident Indians (NRI"s), 100% FDI will continue to be allowed under automatic route. However, foreign airlines would continue to be allowed to invest in capital of Indian companies operating scheduled and non-scheduled air transport services up to the limit of 49% of their paid up capital and subject to the laid down conditions in the existing policy. Increasing the FDI limit for these aviation services shall not only encourage competition by lowering prices but shall also accord choice to consumers.